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## SPECIAL ANALYSIS

### USSR-HUNGARY: Interest in the Hungarian Example

*The Soviets evidently believe that several aspects of Hungarian economic and political experience are relevant to current policy concerns. They seem less suspicious of economic reform in Hungary and are debating the applicability of Hungarian practices to the USSR. There are indications that they consider Hungary's political experience to be relevant to Poland, but for the near term they will stress the repressive measures of 1956-61 rather than the subsequent moderation.*

In the year before the beginning of the Polish crisis in mid-1980, Moscow began to appear more favorable toward Budapest's economic reform program, which puts greater reliance on market forces and allows individual enterprises to take more initiative than in any other Bloc country. Hungarians had feared that the crisis in Poland would reduce Soviet tolerance. President Brezhnev, however, publicly praised Hungarian agricultural practices in February 1981, and some Hungarian officials recently have indicated that the Soviet attitude toward their reforms is continuing to improve.

#### Lessons for Poland

By last fall, the USSR appeared to be looking toward Hungary for lessons applicable to Poland. Moscow will be highly selective, however, as to which aspects of the Hungarian experience would be desirable for Poland. The Soviets almost certainly are less interested in promoting the example of economic decentralization--which they doubtless consider inappropriate for Poland in its current condition--than they are in holding Hungary up as an example of how a rebellious ally can be brought back to the political fold.

The Soviets will be particularly interested in the methods used by Hungarian party leader Kadar to impose and consolidate Communist control during the five years following the revolt of 1956. KGB Chief Andropov, who

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was the Soviet Ambassador in Hungary from 1954 to 1957, probably discussed the applicability of these policies to the Polish crisis when he visited Kadar shortly after martial law was imposed last December. [REDACTED]

While stressing the need to reestablish control as a first step, the Soviets also are aware of the longer term importance of closing the breach that has developed between the Polish regime and the workers. There are indications that Moscow would like to see Polish trade unions follow the example of Hungarian unions, which ensure that the political leaders are well informed about worker concerns but remain under firm party control. [REDACTED]

Moscow appeared to endorse efforts last year by the head of Hungary's trade union organization to engage Solidarity in a dialogue, presumably to persuade the union to adopt a more moderate course. Budapest's handling of workers is likely to continue to be extolled as a guide for Poland. [REDACTED]

#### Lessons for the USSR

A number of recent Soviet articles have hinted strongly that Hungarian economic policies also might offer some answers for the USSR's troubled economy. These articles focus primarily on Hungarian agricultural practices, but they also have praised Hungarian reforms in retailing, investment and manufacturing. [REDACTED]

The appearance of the articles probably reflects concern over the continued failings of the Soviet economy and over events in Poland, and the hope of would-be Soviet reformers that the current succession maneuvering may open the door to major new policy departures. Some Soviet economists assert privately that it is time to try to adopt specific Hungarian practices in the USSR, and two recently remarked that they were visiting Hungary "not to investigate, but to imitate." [REDACTED]

The eventual influence of Hungarian policies within the USSR may not be confined to economics. Some Soviet leaders appear inclined toward methods akin to Kadar's, stressing consensus-building and satisfaction of consumer needs. [REDACTED]

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Party Secretary Chernenko, a leading contender to succeed Brezhnev, advocates closer attention to public opinion, more intraparty consultation, and measures to benefit the consumer. Andropov, reportedly Chernenko's main rival for the succession, has been a longtime supporter of Kadar but is not considered consumer oriented.

### Prospects

Advocates of experiments in reform will encounter stiff opposition in the USSR. There are signs of considerable sentiment in party circles for a return to tighter controls, rather than for greater decentralization, as a means of coping with the drop in economic growth. Reforms also will be opposed by ideologues and those functionaries whose authority would be diminished by decentralization.

The fate of reform will depend in large measure on the succession. If the Soviets do adopt Hungarian practices, the first probably would be in agriculture. Success there and a favorable political climate possibly could then lead to reform in other sectors, although some Hungarian practices would not be as pertinent to the USSR's much larger, more self-sufficient economy.

The Soviets also will have to consider the far-reaching consequences that a more positive attitude toward reform could have in Eastern Europe. The USSR, which is unable to continue subsidizing East European economies to the extent it has in the past, is anxious to avoid the deep unrest that emerged in Poland, could support greater decentralization to increase economic efficiency and could encourage greater political responsiveness to worker interests.

Moscow, however, has long feared that the spread of reformist ideas in Eastern Europe could threaten the mechanisms that safeguard Communist party control and Soviet dominance. Any Soviet experimentation with economic reform in the near term thus is likely to be cautious--more in the nature of tinkering than fundamental change. Nevertheless, the increased willingness of some Soviets to consider taking the political risks associated with reform demonstrates the extent to which faith in centralist policies has been shaken.

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